

DRAFT

SIX-YEAR CAPITAL OUTLAY PLAN ADVISORY COMMITTEE

Meeting Minutes

March 28, 2023

Patrick Henry Building 1111 East Broad Street, Richmond, Virginia

3:00 to 5:00pm

Members Present

Stephen E. Cummings, Secretary of Finance

Michael Maul, Director, Department of Planning and Budget

April Kees, Director, Senate Finance and Appropriations Committee

Joe Damico, Director, Department of General Services

Andrea Peek, Legislative Fiscal Analyst--designated House Appropriations Committee representative

Peter Blake, Director, State Council of Higher Education for Virginia

Agency Staff in Attendance

John Markowitz—Deputy Secretary of Finance

Charles Kennington—Deputy Secretary of Finance

Mike Coppa—General Services

Mike Gray—General Services

Ron Semel—General Services

Anoop Kaul—General Services

Sandra Gill—General Services

Tyler Williams— Senate Finance and Appropriations Committee

Banci Tewolde—Planning and Budget

Kelly Richards—Planning and Budget

Emily Barksdale—Planning and Budget

Ainsely Walker—Planning and Budget

Jake Galla—Planning and Budget

Emily Grimes—Planning and Budget

Aimie Gindi—Planning and Budget

Ryan Ramirez—Planning and Budget

Rena Vanderveldt—Planning and Budget

Jon Howe—Planning and Budget

Grace Khattar—State Council of Higher Education for Virginia

Candice Owens—Auditor of Public Accounts

Justin Ferrell—Auditor of Public Accounts

Hannah Byrum—College of William and Mary
Miles Gordon—Virginia Commonwealth University

Other Members of the Public

Ginger Barbour--MWC

Kristopher Goad--WRIR

Mr. Maul called the meeting to order.

Upon a motion of Mr. Damico, seconded by Ms. Kees, the minutes of the previous meeting were approved.

Mr. Maul asked if there were any comments from the public. There were none.

The next order of business was a report on the status of the pools. Mr. Coppa noted that all projects in the 2008 Chapter 1 VPBA and VCBA and the 2011 Chapter 890 pools have been awarded contracts. He said that most projects in the Chapter 3 (2012), Chapter 806 (2013), Chapter 1 (2014), Chapter 2 (2014), and Chapter 665 (2015) pools have been authorized for contract award.

Concerning the Chapter 759/769 (2016), Chapter 836 (2017), Chapter 2 (2018), Chapter 854 (2019), and Chapter 1289 VPBA and VCBA pools (2020), most of the big projects in these pools have been awarded, and all except the Chapter 2 and Chapter 1289 supplement pool are projecting deficits. The total deficit amount for these pools is projected to be \$142.4 million.

Turning to the Chapter 1 (2022) supplement pool, Mr. Coppa noted that the Committee had authorized about \$94.1 million of funding from the supplement pool since the last quarter. He also noted that agencies were asked to volunteer some of their own funds for these projects, when feasible. Mr. Coppa said that the balance of all the pools, including the supplements, is \$290.7 million

Mr. Maul suggested that in the next quarterly report, there should be an additional line with a subtotal of the pool funding, excluding the Chapter 1 supplement. Mr. Maul said that there is an effort underway to clean up the paperwork for completed projects. He said that previously, Mr. Coppa had offered the idea of 12 months after a certificate of occupancy was issued as a measure to determine when projects should be considered closed. For projects that are still showing as under construction, a date of the issuance of a certificate of occupancy can be provided. Mr. Maul suggested that next time, those dates should be printed in the state of the pools report.

Mr. Coppa noted that it is projected that all projects included in the Chapter 806 (2013) pool will come in under the dollar amount cap for the pool. He noted that there is a holdup on the Water Storage Tank and Campus Water Distribution Piping and Campus Sewer Upgrades project at Virginia State University (VSU), but everything else is under construction. Mr. Maul said that VSU received additional money to handle the next phase of the project without additional matching money, and that it was a standalone project. Mr. Williams asked how this additional

funding would be tracked. Ms. Peaks asked how many standalone projects are using supplemental funding. Mr. Maul replied that he believes that is the only one. Mr. Gray said that as far as tracking, standalone projects follow the same process as pool projects.

Turning to the Chapter 759/769 (2016) pool, excluding nongeneral fund supported projects, Mr. Coppa said that the capped spending amount is not projected to be met. He said that most of these projects are in design, some are under construction, and some are complete. Mr. Maul noted that in the Department of Planning and Budget's year-end close exercises, it will be asking agencies about projects that have not yet been closed out and encouraging them to submit the appropriate paperwork to the Department of General Services. Agencies will have a year to get them closed out absent a good reason to grant an exception.

Next, Secretary Cummings moved that the committee move into closed session pursuant to Virginia Code § 2.2-3711(A)(6) for the purpose of discussing the investment of public funds where competition or bargaining will be involved, and where, if made public initially, the financial interest of the government would be adversely affected. Ms. Kees seconded the motion and it was so moved by the Committee. Upon returning from closed session, Mr. Maul asked each member to certify, to the best of his or her knowledge, that only public business matters lawfully exempt from open meeting requirements under the Freedom of Information Act and only those public business matters identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting; each member so certified.

Mr. Maul made a motion to move forward with the planning process for the following projects: Norfolk State University Science Building Replacement, Virginia State University Waterproof Campus Buildings, the Department for the Blind and Vision Impaired Renovate the Library and Resource Center, the Department of General Services project to Construct Addition to Current State Records Center Building and Repurpose Workspace in Facility, the Virginia Community College System project to Reconstruct Templin Hall Auditorium at the Virginia Peninsula Community College Hampton Campus, and the Virginia Commonwealth University New Arts and Innovation Building project. He added that the Science Museum of Virginia project to Construct Regional Science Center in Northern Virginia can move forward when the agency submits a suitable operating plan. Ms. Peaks seconded the motion, and it was so moved by the Committee. Mr. Maul said that the Committee will be asking representatives from Christopher Newport University to come in to discuss the Integrated Science Center project at the next meeting.

Mr. Maul then turned to a question about what is involved in value engineering related to a recent supplement decision. He said that it involves changes to projects that do not impact their scope or program purposes. Mr. Coppa said that value engineering is run by a certified value specialist, and that it is a formal process involving the architect, engineer, property owner, and the specialist. He said that engineers who are not otherwise a part of the project look at the proposal and find things in the design that could be done in a different way that will not degrade the project or impact programming or the project's longevity. He said that often value engineering is about finishes; for example, terrazzo flooring in the original plans may be

replaced with vinyl. The original engineer may then provide justifications for why the original choices are needed.

Mr. Blake asked at what point value engineering occurs in a project's construction. Mr. Coppa said that it happens at the detailed planning stage, prior to the issuance of a funding report. Mr. Maul said that value engineering is required at this stage in the Code of Virginia. Mr. Coppa said that it is even better if value engineering is performed at the schematic phase. Mr. Blake asked what happens if value engineering does not reduce costs enough to bring the project within its budget. Mr. Maul said that the General Assembly would need to provide more funding, the project would need to be scaled back, the agency would need to find an alternative source of funding, or funding from a supplement pool would need to be provided.

Mr. Maul said that for the IDIA project at George Mason University that the Committee authorized a supplement for, the changes being funded would not be considered true value engineering since the scope was reduced and some parts of the project were removed. Alternatively, the UVA Wise Wyllie Library project used a more traditional value engineering approach by using less costly finishing and other building alternatives. For the Wyllie Library project, value engineering also eliminated site furnishings outside of the building, including benches. In this instance, site furnishings were not required to meet the building or program needs. Mr. Maul also noted that UVA Wise also has an infusion of operating funds available where they could cover some of the additional costs of the project if they wanted to do so. Mr. Blake asked if the additional funds factored into the decision-making related to the supplemental funding request for the UVA Wise project; Mr. Maul replied that it did not.

Mr. Blake asked if projects have come before the Committee in the past that have not been value engineered. Mr. Coppa said no, that this is a step in the process even for projects that are not seeking additional funds.

Next, Mr. Maul addressed some interest in the last Committee meeting of modifying the requirements of Committee meetings. He said that there was some broad language in the Governor's introduced budget related to this. He said that there is a piece of legislation adjusting the requirements in Chapter 759/769 for the Committee to meet four times annually instead of quarterly. However, there are other pools with language that still have quarterly meeting requirements. He said that although this language is from old Appropriation Acts, the Committee is still beholden to the quarterly meeting requirement unless something overrides it.

Ms. Kees suggested getting a General Assembly member to carry legislation allowing the Governor to send a memo with his six-year capital outlay plan instead of proposing legislation.

Mr. Maul asked the Committee to confirm that the group approved the CAIC supplement recommendation based on his interpretation of the email responses. Ms. Kees replied yes. Ms. Peaks said she has follow-up questions about what the contractor plans to provide, but that does not hold up her approval of the project moving forward. She asked for clarity on what the contractor is kicking in. Ms. Kees asked that this be looped into a follow-up discussion with the Office of the Attorney General related to contracts.

There being no further business, the meeting was adjourned.